United Nations E/CN.18/2013/7/Add.1

Economic and Social Council

Distr.: General
25 January 2013

Original: English

United Nations Forum on Forests
Tenth session
Istanbul, Turkey, 8-19 April 2013
Item 7 of the provisional agenda*
Multi-stakeholder dialogue

Forests and economic development

Discussion paper submitted by the major groups

Summary

A number of preconditions must be in place in order for civil society to make the fullest possible contribution to improving livelihoods and reversing deforestation and forest degradation through sustainable forest-based economic development that has solid social and environmental foundations. These include:

- Recognition of the significant and often underestimated present contribution of natural forests to the livelihoods of local communities; this recognition is a precondition to increasing and expanding the value of natural forests.
- Recognition of the right of indigenous peoples, communities and families to use, manage and care for forests as the starting point for any process of sustainable forest-based economic development.
- Recognition and inclusion of traditional knowledge and increased investment in scientific research.
- Increased investment in education, training and capacity-building for all major groups and other stakeholders; increased awareness of the value of forests by urban populations.
- Fair market access and benefit-sharing for communities and smallholders.
- Development and strengthening of networks, associations and partnerships for a range of stakeholders.

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- **Significantly increased involvement of the major groups in decision-making processes at all levels, from the community to international forums.**
- **Establishment of a cross-sectoral perspective on forest development and forest protection.**

These preconditions are of fundamental importance in increasing the strength and sustainability of forest-based economic development processes. A number of examples demonstrate that when they are in place, the results are impressive.

I. Introduction

1. "Economic development" has several meanings; for instance, it can be considered simply as an increase in gross domestic product (GDP). The major groups' definition focuses on improvements in livelihoods for all members of society, especially the poor and those with modest incomes; the improvements that result from the kind of economic development favoured by the major groups are sustainable and self-reinforcing and are strongest when all parts of society are fully involved. In the case of forest-based development, this means in particular persons who live and work in or near forests. Governments have a crucial role to play in ensuring that the necessary preconditions are in place, namely, the supportive policies needed by indigenous peoples, communities, smallholders, women, young people, workers and researchers that will allow them to participate in a dynamic process of improving standards of living in a way that protects the social and environmental requirements for long-term survival. The present paper seeks to identify the preconditions that are needed by the major groups: women, children and young people, indigenous peoples, non-governmental organizations, workers and trade unions, scientific and technological communities, and farmers and small forest landowners (including community forest organizations). The concept of "social determinants of health" has come into wide use. This paper will identify the social and political determinants of sustainable, forest-based economic development for broadly distributed benefits and increased protection of forests and their ecosystem functions.

II. Problem statement

2. Forests are a vast source of wealth and contribute to the livelihoods of the more than 1.5 billion people who live in or near forests. In spite of the inherent wealth of forests, poverty remains a challenge in many of the rural areas where they are located. An estimated 70 per cent of people in tropical Africa and South Asia who earn less than a dollar a day live in rural areas. For these people, not only has the potential of forests to alleviate poverty not been fulfilled; in many cases, deforestation and forest degradation are adding to their poverty. Children and young people are particularly affected by loss of forests since this often results in increased scarcity of the resources required for meeting basic needs and contributes to the increasing levels of unemployment and poverty that are prevalent in their age class. With the predicted increase in global population, the pressure on forests will greatly increase, leading in turn to more people living in poverty. Current global efforts have fallen short of reversing these undesirable trends.

Deforestation and monoculture plantations

3. The Global Forest Resources Assessment 2010 of the Food and Agriculture Organization of the United Nations (FAO) describes the loss of primary forests that serve as a major source of livelihood and provide critical ecosystems services. This global forest crisis continues unabated despite more than 20 years of global forest policy dialogue in the Intergovernmental Panel on Forests, the Intergovernmental Forum on Forests and the United Nations Forum on Forests and in parallel discussions within the framework of such legally binding instruments as the

Convention on Biological Diversity, the United Nations Framework Convention on Climate Change and the International Tropical Timber Agreement.

4. Comprehensive, consistent and quantitative assessments of deforestation are not readily available for most countries in the tropics. Nonetheless, it is widely agreed that significant loss of forest is occurring. Extensive conversion for agriculture, unsustainable harvesting, population and development pressures and mineral exploitation and mining are the principal drivers. For instance, Ghana's readiness preparation proposal for reducing emissions from deforestation and forest degradation (REDD) identifies the principal agents of deforestation and forest degradation as agricultural expansion (50 per cent), unsustainable timber harvesting (35 per cent), population and infrastructure developments (10 per cent) and mining (5 per cent).

5. An additional cause of forest loss and degradation is the widespread replacement of primary and natural forests and other natural ecosystems with large-scale monoculture tree plantations. Established following narrowly conceived economic objectives, these are wrongly called "planted forests", based on the erroneous assumption that forests can be replaced by artificial plantations. Justified with an erroneous understanding of the nature of forests, the expansion of vast monoculture tree plantations continues to be implemented worldwide and represents an enormous threat to the last remaining natural forests. This paradigm must be changed if the last remaining natural forest ecosystems are to be saved. Reforestation efforts should seek to restore the natural attributes and ecological functions of forests, using sound scientific and traditional knowledge. The proposals for action that will receive the strongest support from many of the major groups are those directly aimed at solving this issue.

6. The United Nations Framework Convention on Climate Change focuses on reducing emissions from deforestation and degradation in developing countries as a contribution to climate change mitigation. There is increasing recognition that policies to reduce emissions from deforestation and degradation in developing countries (REDD+) can have substantial negative impacts on the rights and governance structures of indigenous and other forest-dependent peoples. An agreement on such reductions might lead to significantly increased financial flows for the development of monoculture tree plantations, including genetically modified trees, and isolation of the remaining natural forests for exclusive conservation purposes. A main concern with respect to rights and equity is the risk that the benefits and costs of initiatives relating to such reductions will not be shared equitably with the indigenous peoples and local communities that have historically been responsible for the conservation and sustainable use of large tracts of forests and other carbon-rich ecosystems.

Undervaluing forests in general and the contribution of informal and subsistence economies in particular

7. Official statistics on the economic contribution of forests are derived largely from activities in the formal forest sector. Cash contributions from the formal sector are estimated at $300 billion annually for the developing world. The timber industry in Africa, for instance, is estimated to contribute about 6 per cent to GDP. The

industry contributes 10 per cent of GDP in 19 countries and 10 per cent of national trade in 10 countries; it directly employs between 600,000 and 1,000,000 people.

8. These statistics give a very incomplete picture of the economic importance of forests. Non-wood forest products and fuelwood traded in informal markets or used for subsistence play critical roles in livelihoods of communities in and near forests as well as the urban poor. This economic activity has huge importance in aggregate but because it is carried out on a very small scale by families and communities, it is largely invisible. Women do much of the work associated with non-wood forest products. The invisibility of their work contributes to a vicious circle: undervalued work/lack of rights and influence; lack of rights and influence/undervalued work.

9. Increasing efforts are being made to carefully assess the economic value of non-wood forest products. As one example, the World Health Organization (WHO) estimates that up to 80 per cent of people in the developing world rely on medicinal plants for their primary health care. The global market for herbal medicine currently stands at $60 billion annually. The important role played by traditional medicine is underlined by the high ratio of traditional practitioners to orthodox doctors in tropical Africa (92:1 in Ghana; 149:1 in Uganda).

10. The value of many of the services provided by forests, including carbon sequestration, the use of genetic resources for pharmaceuticals, watershed protection, ecotourism, recreation and spiritual and cultural values, is also often badly measured and poorly understood.

11. Small countries with rich forests and the value of trees outside forests (urban greening, agroforestry and fruit orchards, small-scale plantations and ornamental and spiritual groves) are often not adequately recognized, although their economic and environmental contributions are substantial.

12. Since the present value of forests is poorly understood, the capacity of sustainably managed forests to contribute to poverty reduction is greatly underestimated or completely ignored. The result of this failure to recognize the true value of forests is lack of care in the management of forests and low priority for public and private investment in improving the quality of that management.

Underlying causes of insufficient action

13. There have been numerous proposals from the major groups for action to address the underlying causes of deforestation and forest degradation, traditional forest-related knowledge, the rights of indigenous peoples and local communities. criteria and indicators for sustainable forest management and monitoring, and assessment and reporting on the implementation of policies and laws relating to sustainable forest management.

14. When civil society is fully engaged in implementing proposals, the results can be positive. For example, the major groups believe that the involvement of non-governmental organizations and indigenous peoples' organizations in the implementation of some proposals for action of the Intergovernmental Panel on Forests and the Intergovernmental Forum on Forests has been constructive and encouraging. The proposals undertaken with their involvement (concerning traditional forest-related knowledge and the underlying causes of deforestation and

forest degradation) are among the very few proposals fully implemented at the global level so far.

15. However, in other areas, little progress is being made. Despite global efforts in conserving and sustainably managing forests, forest cover in many parts of the world is still declining steadily. While the main reasons for this decline are rapid economic growth and growing population, including increasing rural-to-urban migration, it has been further fuelled by the recent food and energy crises. One underlying factor must be stressed, namely that poverty among forest dwellers is almost always an outcome of the exploitation of forest resources by powerful outsiders. The more successful the resource development, the more likely it is that external political and economic forces will become involved and the less likely it is that the local communities will be able to retain control of the forests on which they depend. It is necessary to examine the decision-making process, the system of property rights, access and benefit-sharing, as well as how laws, policies and regulations are developed and applied. The main factor blocking effective action is the overwhelming influence of vested interests controlling the exploitation of forest resources, the equally grave lack of political will manifested in governmental attitudes towards forest conservation and sustainable use and an increasing trend of relying on the market to provide solutions when in fact that is where many of the problems originate.

16. The solution to the forest crisis should start with the implementation of existing commitments. In the past, many of the major groups have expressed fears that the negotiation of a forest convention could easily mean another lost decade without decisive action to stop and reverse forest loss. The current non-legally binding instrument on all types of forests will not contribute anything substantial to the current situation unless it explicitly addresses the following underlying causes of forest loss: lack of recognition of the rights of communities, indigenous peoples, smallholders and women; unsustainable consumption and production patterns; and unsustainable financial and trade flows. Lack of recognition of the rights of indigenous peoples continues to occur in many indigenous peoples' territories, where their customary forests are being logged without their free, prior and informed consent. One recent example is the experience of the indigenous peoples of Yamdena Island. The major groups are deeply concerned about the lack of action by key actors, including Governments, intergovernmental organizations and the private sector, to curb the current alarming rate of deforestation and forest degradation.

Urgent need for a cross-sectoral perspective

17. Both the causes of forest degradation and loss and the benefits of sustainably managed forests involve Governments and private agencies concerned with many issues considered to be separate from forests: food security and agriculture, drinking water (for many of the world's cities), mining, energy, urban and industrial development, and transportation. Land use impact and other data from different sectors are often difficult to synthesize for analysis and better understanding of the cross-sectoral relationships. There is an urgent need for cross-institutional and cross-sectoral policy processes to reduce and avoid adverse impacts on forests from agriculture, mining and infrastructure developments.

18. The new Forest and Farm Facility hosted by FAO will focus in part on encouraging cross-sectoral processes.

Positive examples

19. Sustainable economic development for improved livelihoods that is based on forests, and the protection of forests, are seen by many as having two conflicting objectives. According to this view, achieving both objectives involves painful choices and difficult trade-offs. Protecting forests means protecting them from rural people and improving people's livelihoods means separating them from the forest. The major groups consider that this perspective is false and that it itself contributes directly to the loss of forests and to persistent poverty in many forest-dependent communities. It confuses causes and effects and thus makes it difficult to establish a policy framework that correctly identifies and addresses essential preconditions. It leads to policies that are disjointed, expensive to implement and almost always entirely counterproductive in terms of results for both the forest and the communities.

20. Sustainable forest management and reforestation projects focusing on conservation and restoration of degraded lands and afforestation across a range of countries have shown that this criticism is not based on a romantic theory. Actual experience in a growing number of countries shows that, in the case of forests managed by communities, families or indigenous peoples, if the right policies are in place, it is possible to simultaneously increase forest cover, protect existing forests, and greatly expand economic activity and improve livelihoods based on production, consumption and the sale of forest products and services.

21. The recent success stories in China and Nepal of reversing loss of forest cover, increasing the protection of natural forests and improving livelihoods confirm the soundness of our perspective and clearly demonstrate the enormous potential of forest-related projects for both economic development and environmental protection. The longer history of parallel experience in the Nordic countries demonstrates long-term, multi-generational sustainability for a range of social, economic and environmental benefits.

Preconditions

22. The 2000 Millennium Summit, at which the Millennium Development Goals were established, recognized that sustainable forest management and sustainable development are closely linked. In order for forests to contribute effectively to the alleviation of poverty and economic development, a number of preconditions underpinning sustainable forest management must be met.

23. Positive examples of economic development that protects forests have several common preconditions:

(a) Tenure and ownership rights and responsibilities of communities, smallholders and indigenous peoples to forests are clearly recognized and enforced by Governments;

(b) Communities and smallholders have access to markets for forest products and services on fair terms;

(c) Quality education and training services are available to community and family forest organizations on an ongoing basis;

(d) Communities and families have established effective associations and federations of associations that are recognized by Governments as valued partners.

24. A detailed analysis of these preconditions, the results when they have been successfully established, and the strategies that will build on these successes was undertaken by The Forest Dialogue[1] in its publication *Guide to Investing in Locally Controlled Forestry*. The Forest and Farm Facility will be working on some of these issues. When these preconditions are in place, communities, indigenous peoples and smallholder families are able to engage in sound, long-term management planning that simultaneously provides a broad set of social, economic and environmental benefits to the family, the community and society.

25. These preconditions should take into account the specific situation of women. In many circumstances, rural and indigenous women are the primary users of forests. They are mostly involved in the exploitation and processing of non-wood forest products and have specific skills and knowledge for the management and production of such products. They contribute significantly to forest conservation because their lives and those of their families depend on it. Women's full participation is therefore essential in efforts to improve sustainable forest management and increase the flow of benefits derived from forest-related activities to their communities. While women play such an important role in the sustainable management of forests, they often have extremely limited rights to the very forests they use and care for. In cases where access rights in respect of forests and forest products are recognized fairly, ownership rights are often completely ignored. This lack of security of tenure does not support either forest-based socioeconomic development or sustainable development in general. Rural and indigenous women are excluded from decision-making and lack the information and resources needed to improve the quality of their work and increase the benefits it generates. In many cases, they are denied equitable incomes and representation in leadership positions.

26. Science and technology can contribute to the effective application of these broad principles through:

- Analysis of the causes of natural disasters and implementation of measures to address the resulting threats to forests and human activities, including threats of fire, pollution, pests, disease and invasive alien species
- Incorporation of scientific expertise and research into forest policies and programmes in order to further advance sustainable forest management
- Strengthening capacity and capability in documenting traditional knowledge and adapting such knowledge for sustainable forest management and conservation and sustainable utilization of forest genetic resources
- Enhancing and facilitating access to and the transfer of appropriate, environmentally sound and innovative technologies and corresponding know-how relevant to sustainable forest management and to efficient value-added processing of forest products, in particular to developing countries, for the benefit of local and indigenous communities.

27. Forests and forest industry workers also contribute most to forest-based sustainable development when minimum labour and social standards are respected,

[1] Information on The Forest Dialogue is available from http://environment.yale.edu/tfd/.

when employment status is not undermined by subcontracting and pressures to replace secure employment with part-time and seasonal work, and when productivity is enhanced on an ongoing basis by adequate investments in training.

III. Conclusions

28. Civil society and, in particular, the 1.5 billion people who directly depend on forests are vitally affected by the current use and misuse of forests. When the necessary preconditions are in place, including recognition of and respect for forestland tenure rights, fair market access and benefit-sharing, significant investment in education and training and other capacity-building, and effective associations and networks, civil society has shown that it has a tremendous capacity to effectively protect forests and improve livelihoods from forest-based economic activities. It has repeatedly demonstrated its ability to manage forests in a way that meets both these objectives. There is an urgent need in all countries to identify, strengthen and expand existing examples of civil society involvement in development efforts that combine protection of forests and improvement of forest-based livelihoods and to proceed with urgency to ensure that the preconditions are firmly in place.

IV. Recommendations

Need for urgency

29. **The major groups urge Governments at all levels to take immediate action to halt the alarming destruction of forests worldwide. Such action must address the underlying causes of deforestation and forest degradation as well as the need for readjustment of financial flows and a reduction in unsustainable consumption. Priority actions should include the following:**

(a) **Recognition and strengthening of the resource rights of communities, indigenous peoples and smallholder families;**

(b) **Investment in capacity at the community and association level, with particular emphasis on forest management and business-related education and training, to ensure community involvement in all aspects of resource management decision-making, which will put an end to the present dominance of State agencies, private companies, donor organizations and international non-governmental organizations.**

Full valuation of forests, forest products and forest work

30. **In respect of the full valuation of forests, forest products and forest work:**

(a) **Support local research and development institutions in undertaking resource accounting to provide a scientific basis for compensation to the suppliers of forest environmental services, including communities, indigenous peoples and smallholders;**

(b) Quantify economic returns and actual and potential employment along the entire forest and wood supply chain, including non-wood forest products and environmental services, fully considering informal markets and subsistence use;

(c) Strengthen knowledge of the impacts of forests on other sectors, especially of regulation of water flows and other services that contribute to food security and supplies of drinking water; develop public education programmes to raise non-forest people's awareness of their dependence on forests and of the importance of protecting forests from competing land uses, including large-scale agriculture, biofuel plantations, commercial and industrial development, and urbanization;

(d) Increase awareness of forests and their role in biodiversity conservation and climate change mitigation.

Rights of communities, indigenous peoples and smallholders to secure land and forest tenure

31. **In respect of the rights of communities, indigenous peoples and smallholders to secure land and forest tenure:**

(a) Carry out all actions to reduce deforestation and forest degradation in ways that fully respect such recognized international human rights instruments as the United Nations Declaration on the Rights of Indigenous Peoples;

(b) Where logging is being carried out without full, prior and informed consent, as has been the case on Yamdena Island, Governments are urged to stop the destruction of the remaining natural forests, withdraw the logging companies, and in general, make strong efforts to end land grabs in the developing world;

(c) Governments are urged to work in collaboration with indigenous peoples and community and family forest associations to strengthen tenure rights. This urgent action must also recognize, respect and support the implementation of the customary rights of indigenous peoples and local communities that are based in and depend on forests;

(d) When engaged in land and tenure reforms, Governments should pay particular attention to recognizing and ensuring the ownership rights of rural and indigenous women.

Education and capacity-building

32. **In respect of education and capacity-building:**

(a) Address the need for skills training and education among all major groups and other forest stakeholders and give priority to developing the capacity needed to ensure genuine community forest governance that empowers forest peoples and women in particular;

(b) Enhance skills and capacity to add value to and increase the income of forest workers and other actors in the sector;

(c) Strengthen the capacity of scientists and research organizations in developing and economically disadvantaged countries to participate effectively in initiatives and activities relating to science and technology, in support of the Intergovernmental Forum on Forests and other international forest forums and processes;

(d) Include new perspectives on the immense contribution of forests to a green economy in forestry degree curriculums in order to provide future forest professionals with the necessary skills and technical know-how to fully contribute to a more sustainable future;

(e) Work in collaboration with community and family forest associations to improve the quality of education services relating to forest management and forest enterprises.

Research

33. In respect of research:

(a) Strengthen the traditional forest-related knowledge systems of local communities and blend them with appropriate modern technologies to enhance livelihoods, improve health and increase food security;

(b) Increase support for sound scientific knowledge generation and for the development and adaptation of environment-friendly forest technologies that contribute to sustainable forest management and economic development;

(c) Strengthen forest research and development in all regions, particularly in developing countries and countries with economies in transition, through relevant organizations, institutions and centres of excellence as well as global, regional and subregional networks; seek to establish a critical mass in various related fields of expertise at the regional level.

Collaboration and partnerships

34. In respect of collaboration and partnerships:

(a) Promote international technical and scientific cooperation for improved forest knowledge systems; strengthen mechanisms that enhance the sharing of information and experiences through the appropriate international, regional and national institutions, processes and networks; strengthen regional and subregional networks with particular attention to enhancing their capacity and capability to serve as "brokers" in securing financing for multinational, regional research collaboration on forest and related issues;

(b) Support the development of regional databases, information clearing houses and directories to facilitate effective flows of information, at all levels of decision-making, resources conservation and utilization;

(c) Establish a programme of global youth forestry initiatives and projects that will engage young people worldwide in the development of

afforestation/reforestation carbon projects in support of global efforts towards the restoration of degraded lands and the conservation of existing forests, which will also contribute directly to the reduction of poverty and hunger;

(d) Enhance subregional and regional collaboration, facilitated by subregional or regional networks, in formulating and implementing projects to promote sustainable forest management by pooling resources and capacities, in partnership with international institutions and member organizations of the Collaborative Partnership on Forests; support subregional and regional initiatives and programmes to tackle multinational, transboundary forest-related problems and issues, such as haze and invasive species;

(e) Support the development of cross-sectoral platforms at the national and subnational levels to share knowledge and lessons on challenges to sustainable forest management and forest policy and to identify areas for collaboration;

(f) Streamline governance systems to reduce duplication and unnecessary expenditures on procedural requirements owing to multiple governance structures at various levels;

(g) Urge donor agencies to simplify funding application procedures to reduce transaction costs without compromising technical quality;

(h) Explore emerging opportunities for new kinds of partnerships beyond conventional public-private partnerships, such as trade union-community and company-community partnerships;

(i) Promote South-South cooperation in the context of emerging REDD+ initiatives;

(j) Encourage individuals and associations connected with all major groups to participate in all opportunities to influence the role of forests in a future world;

(k) Strengthen the participation of young people and women in forest-based economies and promote the importance of the forestry sector among the younger generation; Governments and all actors in civil society should recognize the work, knowledge and special needs of women and include them as leading partners in all matters relating to sustainable forest management and forest-based economic development;

(l) Build networks and integrate forest actions in the context of changes in precision forestry and information and communications technology (Global Positioning System) worldwide.

Investment, benefits and standards

35. **In respect of investment, benefits and standards:**

(a) Strive to take full advantage of the potential contribution of forests to sustainable economic development; explore possibilities for stakeholders, especially companies involved in exploiting forest resources, to reinvest back into forest management activities;

(b) Establish financial mechanisms that are accessible to indigenous peoples, local communities, and smallholders; Governments are encouraged to carefully consider the detailed guidelines in the *Guide to Investing in Locally Controlled Forestry* published by The Forest Dialogue;

(c) Develop specific funding mechanisms for women that will help them to improve and enhance their participation in the sustainable development of their countries through the sustainable management of forests and the development of women's forest-based community enterprises;

(d) Facilitate the creation of an enabling environment for private sector investment in science and policy;

(e) Support information knowledge management systems and networks that facilitate efficient and effective flows of scientific information among researchers, research institutions, policymakers and forest practitioners and entrepreneurs;

(f) Take full advantage of the potential of forests to create decent and green jobs, free of precarious conditions normally manifested in casualization, subcontracting and seasonality;

(g) Take full advantage of new opportunities for investment and new employment in non-wood forest product industries, trees outside forests and environmental services; ensure that emerging opportunities in markets for environmental services benefit indigenous peoples, forest communities and smallholders;

(h) Explore emerging economic development opportunities in the cross-sectoral area between forest and related sectors;

(i) Fully utilize voluntary mechanisms such as codes of conduct, corporate social responsibility and certification schemes to add value or premiums to forest products; be proactive in addressing emerging challenges to these voluntary instruments;

(j) Promote minimum social and labour standards that are acceptable to forest and related sectors so that there is consistency among sectors.